



# COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET

## Q&A: Everything You Should Know About Government Shutdowns Updated: September 23, 2022

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The new fiscal year (FY) will begin on October 1, 2022, and Congress has so far enacted none of the 12 appropriations bills setting discretionary spending levels. Lawmakers have until midnight on the final day of the fiscal year – September 30 – to enact legislation to fund the programs covered by the appropriations process, or the government will shut down. A continuing resolution (CR) to allow lawmakers more time to complete work on spending bills is likely to be considered. A shutdown in FY 2023 would affect all federal activities covered by discretionary appropriations, as opposed to the most recent FY 2019 shutdown that began in late 2018 and extended into early 2019 that affected only departments and agencies [covered by the seven appropriations bills](#) that Congress had not yet enacted.

### What is a government shutdown?

Many federal government agencies and programs rely on annual funding appropriations passed by Congress. Every year, Congress must pass and the President must sign budget legislation for the next fiscal year, consisting of 12 appropriations bills, one for each Appropriations subcommittee. Congress has not yet enacted any of the 12 bills for FY 2023 that make up the discretionary spending budget. In a “shutdown,” federal agencies must discontinue all non-essential discretionary functions until new funding legislation is passed and signed into law. Essential services continue to function, as do mandatory spending programs.

### What services are affected in a shutdown and how?

Each federal agency develops its own shutdown plan, following guidance released in previous shutdowns and coordinated by the Office of Management and Budget (OMB). The plan identifies which government activities may not continue until appropriations are restored, requiring furloughs and the halting of many agency activities. Essential services – many of which are related to public safety – continue to operate, with payments covering any obligations incurred only when appropriations are enacted. In prior shutdowns, border protection, in-hospital medical care, air traffic control, law enforcement, and power grid maintenance have been among the services classified as essential, while some legislative and judicial staff have also been largely protected. Mandatory spending not subject to annual appropriations, such as for Social Security, Medicare, and Medicaid, also continues. Other examples of activities that continue are those funded by permanent user fees that are not subject to appropriations, such as immigration services funded by visa fees.



Although many programs are exempt, the public is still likely to feel the impact of a shutdown in several ways. For example, in a full shutdown:

- **Social Security and Medicare:** Checks are sent out, but benefit verification as well as card issuance would cease. While unlikely to happen again, during the 1995-1996 shutdown [more than 10,000 Medicare applicants were temporarily turned away](#) every day of the shutdown.
- **Environmental and Food Inspection:** In 2013, the Environmental Protection Agency (EPA) halted site inspections for 1,200 different sites that included hazardous waste, drinking water, and chemical facilities, and the Food and Drug Administration (FDA) delayed almost 900 inspections. During the 2018-2019 shutdown, the FDA restored some food inspections a few weeks into the funding lapse for products that were considered high-risk.
- **National Parks:** During the 2013 shutdown, the National Park Service turned away millions of visitors to more than 400 parks, national monuments, and other sites. The National Park Service estimated that the shutdown led to more than \$500 million of lost visitor spending nationwide. Many parks remained open during the 2018-2019 shutdown, though no visitor services were provided and damage and trash build-up were reported at many sites nationwide.
- **Air Travel:** During the 2018-2019 shutdown, [air travel was strained](#) as a result of air traffic controllers and Transportation Security Administration (TSA) agents working without pay. Travelers faced longer lines as some TSA agents did not report to work and security checkpoints were closed, while [the absence of 10 air traffic controllers](#) temporarily stopped travel at LaGuardia Airport and caused delays at several major airports.
- **Health and Human Services:** The National Institutes of Health (NIH) would be prevented from admitting new patients or processing grant applications. In 2013, states were [forced](#) to front the money for formula grant programs such as Temporary Assistance for Needy Families (TANF, sometimes described as “cash welfare”).
- **Internal Revenue Service (IRS):** In the event of a shutdown, the IRS would not be able to provide its normal service of verifying income and Social Security numbers. In 2013, a backlog of 1.2 million such requests delayed mortgage and other loan approvals, and billions of dollars of tax refunds were also delayed. At least 26,000 furloughed IRS employees were recalled to work during the 2018-2019 shutdown in preparation for tax season, but [14,000 did not show up](#) to work without pay.
- **Supplemental Nutrition Assistance Program (SNAP):** Though funding for the SNAP program is mandatory, the ability to send out “food stamp” benefits could be affected by a shutdown, since continuing resolutions have generally only authorized the Department of Agriculture (USDA) to send out benefits for 30 days after a shutdown begins. During the 2018-2019 shutdown, the USDA paid February SNAP benefits early on January 20, just before the 30-day window ended, but it would have been unable to pay March benefits had the shutdown continued. In addition, during any shutdown, stores are not able to renew their Electronic Benefit Transfer (EBT) card licenses, so those whose licenses expire would not be able to accept SNAP benefits during a shutdown.



## Is the government preparing for a shutdown?

OMB [maintains a list](#) of the various contingency plans federal agencies will follow during a shutdown. Most have been updated within the past three years, but some have not been updated since the last full shutdown in early 2018.

## How would federal employees be affected?

A full shutdown would be more extensive than the partial shutdown that started in December 2018 when Congress had enacted five of the 12 appropriations bills. A full shutdown would likely be similar to recent ones in 2013 and early 2018 when approximately 850,000 out of 2.1 million non-postal federal employees were furloughed. In 2013, most of the 350,000 civilian employees at the Department of Defense were summoned back to work within a week. Furloughed employees are not allowed to work and do not receive paychecks but are guaranteed back pay due to [legislation passed in January 2019](#). Federal contractors have historically not received back pay.

At the beginning of the partial 2018-2019 shutdown, an [estimated 380,000 employees](#) were furloughed, a smaller number than usual since large federal employers such as the Department of Veterans Affairs and the Department of Defense were already funded. Another 420,000 employees reported to work but did not receive pay until the shutdown ended. As the 2018-2019 shutdown continued, departments and agencies such as the IRS and State Department recalled an increasing number of employees.

## How and why do mandatory programs continue during a shutdown?

Whereas discretionary spending must be appropriated every year, mandatory spending is authorized either for multi-year periods or permanently. Thus, mandatory spending generally continues during a shutdown. However, some services associated with mandatory programs may be diminished if there is a discretionary component to their funding. For instance, during the 1996 shutdowns and the 2013 shutdown, Social Security checks continued to go out. However, staff who handled new enrollments and other services, such as changing addresses or handling requests for new Social Security cards, were initially furloughed in 1996. In 2013, certain activities were discontinued, including verifying benefits and providing new and replacement cards, but processing of benefit applications or address changes continued. During the 2018-2019 shutdown, the Department of Agriculture had to rely on a special authority included in the previous CR to allow it to continue to issue SNAP benefits.

## How many times has the government shut down?

Since Congress introduced the modern budget process in 1976, there have been 20 “funding gaps,” including the 2018-2019 shutdown and the one in January 2018, when funds were not appropriated for at least one day. (The hours-long lapse in appropriations in February 2018,



though sometimes characterized as a shutdown, did not result in federal employee furloughs.) However, before 1980, the government did not shut down but rather continued normal operations through six funding gaps. Since 1981, 10 funding gaps of three days or fewer have occurred, mostly over a weekend when government operations were only minimally affected.

There have now been four “true” shutdowns where operations were affected for more than one business day. The first two happened in the winter of 1995-1996 when President Bill Clinton and the Republican Congress were unable to agree on spending levels and the government shut down twice, for a total of 26 days. The third was in 2013 when a House and Senate standoff over funding for the Affordable Care Act (ACA) resulted in a 16-day shutdown. The fourth shutdown in December 2018 and January 2019, technically only a partial shutdown because five of the 12 appropriations had previously been enacted, centered on a dispute over border wall funding and was the longest-lasting shutdown at 35 days.

### **Does a government shutdown save money?**

While estimates vary widely, evidence suggests that shutdowns tend to cost, not save, money for several reasons. For one, putting contingency plans in place has a real cost. In addition, many user fees and other charges are not collected during a shutdown, and federal contractors sometimes include premiums in their bids to account for uncertainty in being paid. While many federal employees are forced to be idle during a shutdown, they have historically received and are now guaranteed back pay, negating much of those potential savings. OMB [official estimates](#) of the 2013 government shutdown found that \$2.5 billion of pay and benefits were paid to furloughed employees for hours not worked during the shutdown, as well as roughly \$10 million of penalty interest payments and lost fee collections.

Shutdowns also carry [a cost](#) to [the economy](#). The Congressional Budget Office (CBO) [estimated](#) that the 2018-2019 shutdown reduced Gross Domestic Product (GDP) by a total of \$11 billion, including \$3 billion that will never be recovered. On top of that effect, CBO notes that longer shutdowns negatively affect private-sector investment and hiring decisions as businesses cannot obtain federal permits and certifications, or access federal loans. A 2019 Senate report found that the three government shutdowns in 2013, 2018, and 2019 [cost taxpayers nearly \\$4 billion](#).

### **How can Congress avoid a shutdown?**

There are essentially two ways to avoid a government shutdown – by passing appropriations or a continuing resolution (see question on “What is a Continuing Resolution?”). Theoretically, the House and Senate Appropriations committees are supposed to pass 12 different appropriations bills that are broken up by subject area and based on funding levels allocated in a budget resolution. Often, these bills are combined into larger “omnibus” or “minibus” legislation.

To avoid a shutdown, Congress would need to pass all 12 appropriations bills through both chambers and get them signed by the President before October 1. This could be done by enacting





each bill individually or by packaging them together through an omnibus or minibuss. Neither the House nor the Senate has yet acted on a CR, due to disagreements over the easing of permitting rules for certain energy projects that were supposed to be considered as part of negotiations surrounding this summer's Inflation Reduction Act, as well as disputes over disaster relief funding and additional COVID-19 spending. For more about the status of specific appropriations bills, see [Appropriations Watch: FY 2023](#).

## What is a Continuing Resolution?

A continuing resolution temporarily funds the government in the absence of full appropriations bills, often by continuing funding levels from the prior year. Traditionally, CRs have been used to give lawmakers a short period of time to complete their work on remaining appropriations bills while keeping the government open. CRs sometimes apply to only a few categories of spending, but they can also be used to fund all discretionary functions and can be used for an entire year.

CRs differ from normal appropriations bills in that they often "continue" funding allocations from previous bills at the prior year's level or through a formula based on the prior year's level. Even when overall funding levels have differed, lawmakers have often simply scaled up all accounts by a percent change in spending rather than making individual decisions on spending accounts. However, CRs often do include certain "anomalies," where specific items are increased or decreased to work around some problems that would occur from continuing the previous year's policies, or "policy riders," where certain funding restrictions are specified in order to dictate policy. Colloquially, a "clean CR" does not contain policy riders or politically motivated changes to funding levels.

## How often does Congress pass CRs?

Congress frequently passes CRs when lawmakers are unable to agree on appropriations before a deadline, and occasionally multiple CRs are necessary to fund the government for an entire fiscal year. Congress also sometimes relies on CRs during presidential transition years. In FY 2001, for example, a series of intense congressional negotiations leading up to the 2000 election led to a series of 10 one-day CRs. In total, Congress funded the first three months of that fiscal year with 21 continuing resolutions.

Not surprisingly, CRs have been quite prevalent recently and were used to fund the government entirely in FY 2011, when eight CRs were passed, and in FY 2013, when two CRs were passed. In fiscal years 2012, 2014, 2015, 2016, 2020, and 2021, CRs were used to fund the government for roughly a quarter of each year. For FY 2022, the current fiscal year, appropriations were [completed in March](#), nearly halfway through the fiscal year, requiring four CRs. Stopgap measures were used for more than one-third of the year in [FY 2019](#), nearly half the year in [FY 2018](#), and more than half the year in [FY 2017](#). The most recent year when a full-year appropriations bill passed before the fiscal year began and no CRs were necessary was FY 1997.



## What are the disadvantages of using CRs?

Continuing resolutions have [several negative implications](#) for the budget's overall efficiency. CRs usually continue funding at the past year's level without any regard for changing policy needs or the value of each program within an agency. Using a CR wastes hundreds of hours of careful consideration and program evaluation incorporated into each agency's budget submission. For instance, the President's annual budget proposes a list of eliminations and reductions of programs that are duplicative or ineffective; a CR will continue to fund these unwanted programs. Finally, the use of CRs disrupts activities within agencies, makes it difficult to plan or start future projects, and costs staff time to revise work plans every time the budget changes.

## How is Congress addressing funding?

Although Congress has not yet enacted any appropriations bills as of mid-September, the House has passed six out of 12 appropriations bills. The full Senate has not yet taken any action on appropriations for FY 2023, despite the Senate Appropriations Committee releasing all 12 of its bills. The House and Senate would have to agree on and pass the same versions of the bills before they are presented to the President for his signature. Congress is expected to consider a CR that would extend funding, largely at current levels, to allow more time to complete appropriations. For more about the status of specific appropriations bills, see [Appropriations Watch: FY 2023](#).

## How does a shutdown differ from a default?

In a shutdown, the federal government temporarily stops paying employees and contractors who perform government services, whereas in a default the list of parties not paid is much broader. In a default, the government exceeds the statutory debt limit and is unable to pay some of its creditors (or other obligations). Without enough money to pay its bills, all the federal government's payments are at risk — including all government spending, mandatory payments, interest on our debts, and payments to U.S. bondholders. While a government shutdown would be disruptive, a government default could be disastrous. For more on a default, see our [Q&A: Everything You Should Know About the Debt Ceiling](#).

## How does a shutdown differ from “sequestration” or “sequester”?

A government shutdown closes non-essential government operations due to a lack of funding, whereas a sequester or sequestration is shorthand for the reductions in discretionary spending caps that were in place up until FY 2021 that constrained the total amount of funding for annually appropriated programs.

The first example of sequestration was included in the Gramm–Rudman–Hollings Balanced Budget and Emergency Deficit Control Act of 1985. The most recent version of sequestration, a product of the Budget Control Act (BCA) of 2011, resolved the 2011 debt ceiling negotiations. The BCA created a Joint Select Committee on Deficit Reduction (the “Super Committee”) to identify



at least \$1.5 trillion of deficit reduction over 10 years and set in motion the sequester if it did not identify at least \$1.2 trillion. The failure of the Super Committee triggered sequestration, causing discretionary spending caps to be automatically lowered for both defense and nondefense. Congress has never allowed the full sequester to take effect, passing partial sequester relief [in 2013](#) and [2015](#), and more than fully reversing the sequester in [2018](#) and [2019](#). If appropriations bills violated the increased spending caps, then across-the-board cuts would have been triggered.

**For more information, see the following:**

- Committee for a Responsible Federal Budget – [Appropriations Watch: FY 2023](#)
- Committee for a Responsible Federal Budget – [What Happens in a Partial Government Shutdown?](#)
- Committee for a Responsible Federal Budget – [Maya MacGuineas's Testimony on Continuing Resolutions, Omnibuses, and Shutdowns](#)
- Congressional Budget Office – [The Effects of the Partial Shutdown Ending in January 2019](#)
- Congressional Research Service – [Federal Funding Gaps: A Brief Overview](#)
- Congressional Research Service – [The FY2014 Government Shutdown: Economic Effects](#)
- Congressional Research Service – [Shutdown of the Federal Government: Causes, Processes, and Effects](#)
- Government Accountability Office – [Uncertainty Limited Management Options and Increased Workload in Selected Agencies](#)
- Office of Management and Budget – [Agency Contingency Plans](#)
- Office of Management and Budget – [Impacts and Costs of the October 2013 Federal Government Shutdown](#)
- Office of Management and Budget – [Planning for Agency Operations During a Potential Lapse in Appropriation](#)
- Roy T. Meyers – [Late Appropriations and Government Shutdowns: Frequencies, Causes, Consequences, and Remedies](#)
- Senate Homeland Security and Governmental Affairs Permanent Subcommittee on Investigations – [The True Cost of Government Shutdowns](#)